

**MONTHLY OPERATING REPORT
INSTRUCTIONS
(Small Real Estate/Individual Case)
Effective for all cases filed after March 15, 1999**

**APPLICABILITY OF REPORTING REQUIREMENTS
AND ELIGIBILITY FOR MODIFICATION**

1. Filing Requirement and Due Date. The debtor in possession or chapter 11 trustee ("Debtor") is required to file a Monthly Operating Report (the "Report"), consisting of various forms and other information requested, with the Clerk, United States Bankruptcy Court; copies must also be served on the Office of the United States Trustee, each member of an official committee appointed by the UST, and counsel for each official committee. The Report is due within twenty (20) days after the close of the period covered by the Report ("reporting period"). A Report is due for every calendar month or partial month following commencement of the case until a plan of reorganization is confirmed or the case is dismissed or converted. If the case is commenced on or after the 20th day of a month, the remainder of that month may be included in the following month's reporting period.
2. Applicability and Reporting Requirements. These reporting requirements are applicable to all Debtors in chapter 11 cases. Depending upon the size of the case and the format of the Debtor's internally generated financial reports, the Debtor may qualify for a modification of some of the requirements.
3. Eligibility for Modification of Reporting Requirements. A Debtor that wishes to obtain a modification of the reporting requirements for good cause shown must apply in writing to the UST for approval of the form of report to be submitted. If the UST declines to approve the form of report proposed by the Debtor, the Debtor may then apply to the Court, on notice to the UST, for authority to submit an alternate form of financial report. Paragraph 4 describes some commonly accepted modifications of reporting requirements.
4. Acceptable Forms of Alternate Reports.
 - a. A Debtor, upon receiving authority from the UST or the Court, may submit on a monthly basis the Summary of Financial Status and an internally generated report format other than the attached Monthly Operating Report. The alternate report must provide, at a minimum, the information requested in the attached Report. A Report will be satisfactory provided it contains: (1) financial statements prepared in accordance with generally accepted accounting principles ("GAAP") and with Statement of Position 90-7, Financial Reporting by Entities in Reorganization Under the Bankruptcy Code, issued by the American Institute of Certified Public Accountants on November 19, 1990 ("SOP 90-7"), (2) the data requested in the schedules to the monthly operating report, including market value of assets, and (3) a statement of operations (i) covering the current month and the case to date, and (ii) containing the requested variance analysis and forecast data.

- b. An individual debtor having assets that do not exceed \$2 million and whose income is derived solely from ownership of rental real estate and/or employment as a wage earner may submit an abbreviated report in the Small Real Estate/Individual Case form prescribed by the Court.

GENERAL INSTRUCTIONS

5. Accounting Method. The Debtor should use GAAP (except as may be modified by these instructions, the UST or an order of the court). The Debtor should use the accrual basis method of accounting unless the Court or UST, in writing, approves the use of the cash basis method of accounting.
6. Report Format. The format of the Report is modified from conventional reporting to be in substantial conformity with SOP 90-7. The reporting procedures established in SOP 90-7 vary in a few significant ways from those used when preparing financial reports for entities which are not in a bankruptcy case. The petition date is significant, e.g., income and expenses arising principally as a result of the reorganization case will be separately classified and reported, and the liabilities arising before the filing of the case will be classified separately from those liabilities arising after the filing of the case. In addition, the pre-petition liabilities will be reported in the amount expected to be allowed, which will normally be the amount asserted in a proof of claim or as scheduled by the Debtor, except that disputed, contingent, or unliquidated claims will be estimated.
7. Market Value. Property and equipment will generally be reported at both cost and at the Debtor's most recent estimate of market value ("market value"). The Debtor will estimate the market value based upon appraisals, comparable market prices, etc., and will state the bases for the estimates on the asset page of the Balance Sheet. Absent a substantial change concerning the asset's value, e.g., a new appraisal, a change in occupancy rate or lease terms, or new sales of comparable properties, the market value may be presumed to remain the same from one Report to the next. Inventory should be stated in all places at lower of cost or market - see Schedule B for method of cost determination.
8. Signature Requirement. Reports should be typed or printed in ink; alternatively, the Debtor may obtain from the UST and use its spreadsheet file which will permit entry of data by computer and printing from the computer file. In each case, the Debtor (or in the case of a corporation, partnership or other legal entity, the individual designated by the Court as the "Responsible Individual of the Debtor") or the Trustee must declare that the Report is true and correct, to the best of the signer's knowledge and belief.
9. Rounding. For Small Real Estate/Individual reporting format all amounts should be rounded to the nearest dollar.
10. Additional Sheets. If there are more categories than available lines on a report or statement, the Debtor may add additional lines and/or sheets as necessary. The Debtor must identify each additional sheet with a "Schedule" letter and include the required information for each section of the report or statement. On the report or statement, the Debtor must identify each Schedule # on a blank line and enter the monetary amount or amounts aggregated from the schedule.

11. The Debtor must attach copies of current bank statements to the monthly operating report each month. In addition, the Debtor must provide copies of check registers and bank reconciliations upon request of the UST.

SPECIFIC INSTRUCTIONS

SUMMARY OF FINANCIAL STATUS

12. This summary is a one-page form which provides the most important information concerning the Debtor's financial condition and operation. Although it is the first page of the Report, it should be completed last. The data on this form generally will be drawn from other parts of the Report. For the first monthly report, there will be no entries for the end-of-prior-month column and the cumulative (case to date) column.
 - a. Section 1. If the Court or the UST has approved the use of cash basis reporting and the Report has been prepared using the cash basis method, please indicate in the space provided.
 - b. Section 2. The sources of the amounts requested in this section are:
 - i. End of Current Month column - Enter amounts from Lines 6, 18, 25 and 33 on the Balance Sheet.
 - ii. End of Prior Month column - Enter the amounts from Lines 6, 18, 25 and 33 on the Balance Sheet from the prior month's Report.
 - iii. As of Petition Filing column - Summarize from the appropriate line items off the Schedule of Liabilities and Property filed at the outset of the case.
 - c. Section 3. The information required for this section is contained in the Statement of Cash Receipts and Disbursements. The amounts presented here should reflect the total cash receipts and disbursements for all accounts, excluding transfers between accounts, for the periods specified. The information in the cumulative (case to date) column is obtained by adding the current month's data to the data in the previous month's Report.
 - d. Section 4. This section is not applicable to the Small Real Estate/Individual format.
 - e. Section 5. The account receivables (pre-petition and post-petition) balances at end of month come from Line 2 on the Balance Sheet (last month and the reporting month).
 - f. Section 6. The total post-petition liabilities balances come from line 27 of the Balance Sheet (last month and the reporting month).
 - g. Section 7. Enter the sum of all accounts payable over 30 days old from line 20 of the Balance Sheet for both the current Report and the previous month Report.

- h. Questions 8 through 15. These questions should be self-explanatory.

BALANCE SHEET

13. The Balance Sheet is to be prepared as of the last day of the month covered by the Report. There are schedules for the various categories, and the totals from the appropriate schedule should be entered on the proper line of the Balance Sheet.

See General Instructions for the permissible accounting method and for information on reporting the market value of assets.

Debtors authorized to report on the cash basis will enter the appropriate responses to questions concerning accounts receivable, accounts payable, and other accrued but unrealized income or expenses on the respective schedules, but they should not be entered on the Balance Sheet (because they are not yet a cash transaction or event).

ASSETS

14. Generally all assets other than inventory must be listed at market value on the Balance Sheet.

Current Assets

15. Current assets are those which the Debtor may reasonably expect to realize in cash or consume within a year. Some assets, such as a note receivable, may be realizable in part within one year and in part beyond one year; in those cases, the portion that will be realized within one year must be reported as a current asset, and the balance should be reported under Other Assets.
- a. Line 1 - Cash and cash equivalents (including bank accts., CDs, etc.). Enter the amount of all cash available at the end of the period.
 - b. Line 2 - Accounts Receivable (Net). Enter the amount of accounts receivable, net of an allowance for doubtful accounts.
 - c. Line 3 - Professional retainers. Enter the amount which was paid to professionals (i.e., attorney or accountant) to retain their services. As their fees and expenses are accrued this amount will be reduced.
 - d. Lines 4 - 5 Other. List other categories of current assets on lines 4 through 5; include principal and accrued interest to date on notes receivable. Current asset accounts with low balances totaling no more than 10% of current assets may be aggregated and reflected on one line as "other current assets."
 - e. Line 6 - Total Current Assets. Add lines 1 through 5.

Long Term Assets (Market Value)

16. The assets to be included in this portion of the Balance Sheet consist of those that will be realized in cash or consumed in more than one year.
- a. Line 7 - Real property (residential). Enter the estimated market value for the residence.
 - b. Line 8 - Real property (rental or commercial). Enter the estimated market value for the rental or commercial real property.
 - c. Line 9 - Furniture, Fixtures and Equipment. Enter the estimated market value for the furniture, fixtures and equipment.
 - d. Line 10 - Vehicles. Enter the estimated market value for vehicles.
 - e. Line 11 - Partnership interests. Enter the estimated market value for partnership interests.
 - f. Line 12 - Interest in corporations. Enter the estimated market value for interest in corporations.
 - g. Line 13 - Stocks and Bonds. Enter the estimated market value for stocks and bonds.
 - h. Line 14 - Interest in IRA Keogh, other retirement plans.. Enter the estimated market value for interest in IRA, Keogh and other retirement plans.
 - i. Lines 15 through 16 - Other. Other Long Term asset categories may be listed on these lines. Examples include the long-term portion of notes receivable and other kinds of assets which would not appropriately be characterized as "current."
 - j. Line 17 - Total Long Term Assets. This total is the sum of lines 7 through 16.
17. Line 18 - Total Assets. Enter the sum of lines 6 and 17.
18. Note. In this section, state the method of determining the market value of assets and the date each valuation was made. If there is more than one method, e.g., an appraisal for one property and an estimate based upon sales of comparable property for another, identify the methods used for each property.

LIABILITIES

19. Liabilities are classified as post-petition and pre-petition, and post-petition liabilities are further divided between "current" and "long-term" liabilities. "Current" liabilities are those due to be paid within one year of the date of the Report, including that portion of post-petition long-term debt (debt that matures in over one year) which is due to be paid within one year.

Post-Petition

20. Current Liabilities. Enter, on the appropriate line, liabilities incurred post-petition which have not been paid as of the balance sheet date. These include both secured and unsecured debt.
- a. Line 19 - Post-petition not delinquent (under 30 days). Enter the amount of debt owed to others which the Debtor has incurred since the filing of the bankruptcy which is under 30 days from the billing date. This includes taxes.
 - b. Line 20 - Post-petition delinquent other than taxes (over 30 days). Enter the amount of debt owed to others which the Debtor has incurred since the filing of the bankruptcy which is over 30 days from the billing date. This does not includes taxes.
 - c. Line 21 - Post-petition delinquent taxes (over 30 days). Enter the amount of debt owed to taxing authorities which the Debtor has incurred since the filing of the bankruptcy which is over 30 days from the billing date.
 - d. Line 22 - Accrued professional fees. The amount entered here is for all professionals employed by the Debtor and others to be paid from the estate, e.g., counsel to a creditors' committee.
 - e. Line 23 through 24 - Other. Enter a description of other current liabilities, if any. Current liability accounts with low balances should be aggregated and reflected on one line as "other post-petition liabilities."
21. Line 25 - Total Current Liabilities. Add lines 19 through 24, and enter the total here.
22. Line 26 - Long-Term Debt, Net of Current Portion. Enter the total of debt due more than one year from the date of the Report (excluding the portion of the debt due within one year).
23. Line 27 - Total Post-Petition Liabilities. Add lines 25 and 26.

Pre-Petition Liabilities (Allowed Amount)

24. Paragraph 23 of SOP 90-7 states that pre-petition liabilities that may be "affected by the plan [of reorganization] should be reported at the amounts expected to be allowed, even if they may be settled for lesser amounts." Debtor should enter the amounts of the claims which are likely to be allowed after compromise or litigation, not necessarily the amounts asserted in proofs of claim or scheduled by the Debtor.
- a. Line 28 - Secured claims (residence). Enter secured claims on residence. For purposes of this schedule, the Debtor should assume that the value of the security for each secured claim is at least as much as the claim, i.e., the Debtor should not split an under secured claim into a secured portion and an unsecured portion.
 - b. Line 29 - Secured claims (other). Enter secured claims other than on residence. For purposes of this schedule, the Debtor should assume that the value of the security for each

secured claim is at least as much as the claim, i.e., the Debtor should not split an under secured claim into a secured portion and an unsecured portion.

- c. Line 30 - Priority unsecured claims. Priority claims are defined in § 507(a) of the Bankruptcy Code. Priority claims other than for taxes include the following:
- i. salary and wage claims of up to \$4,000 (\$2,000 for a case filed prior to October 22, 1994) per employee for salaries and wages earned in the 90 days prior to the earlier of the petition date or the date on which business operations ceased;
 - ii. claims for contributions to employee benefit plans, arising from services rendered within 180 days of the earlier of the petition date or the date on which business operations ceased, up to \$4,000 (\$2,000 for a case filed prior to October 22, 1994) times the number of covered employees less the amount of priority salary and wage claims allowed for covered employees;
 - iii. claims of individuals up to \$1,800 (\$900 for a case filed prior to October 22, 1994) per claim arising from the pre-petition deposit of money in connection with the purchase, lease, or rental of property, or the purchase of services, for personal, family, or household use of such individuals, where such property or services were not received.

Some claims may be classified partially as a priority claim, e.g., a wage claim up to \$4,000 (\$2,000 for a case filed prior to October 22, 1994) earned within 90 days prior to the petition date, and partially as a general unsecured claim, e.g., the balance of the unpaid wage claim. Enter only the priority amount on this line; the excess will be part of the general unsecured claims.

- d. Line 31 - General unsecured claims. Enter the amount of non-priority unsecured claims likely to be allowed.
- e. Line 32 - Total Pre-Petition Liabilities. Enter the sum of lines 28 through 31.

Total Liabilities

25. Line 33 - Total Liabilities. Enter the sum of lines 27 and 32.

Equity (Deficit)

26. Line 34 - Total Equity (Deficit). Enter the difference between Total Assets and Total Liabilities, line 18 minus line 33. A negative number, i.e., a deficit, should be indicated by parentheses.

Total Liabilities and Equity

27. Line 35 - Total Liabilities and Equity (Deficit). Add lines 33 and 34, and enter the total here. This line should equal Total Assets on line 18.

Schedules

28. Schedule A - Rental Income Information.

- a. This portion of the Report will provide information regarding each property which generates rental income. A description, e.g., by address, may be entered as a footnote to this schedule and referenced back to as "Property #." For each property, enter on the Scheduled Gross Rents line the amount of rent which would be received if all of the property were occupied to capacity at its normal or advertised rent. On the lines indicated for deductions, enter the amount of deduction for vacancies, free rent incentives, or other adjustments. There are additional lines for other deductions; all deductions should be totaled and entered on the appropriate line.
- b. Scheduled Net Rents reflects the rent received after the deductions referenced above.
- c. For cash basis Reports (only), enter the amount of rents owed to the Debtor but not paid as of the date of the Report on the line Less: Rents Receivable. This amount will also be deducted from the Scheduled Net Rents to determine the Scheduled Net Rents Collected.

29. Schedule B - Recapitulation of Funds Held at End of Month. In this section, Debtor should provide detailed information for the Debtor's cash and cash equivalents at the end of the reporting month. List each bank (or other authorized depository) account separately; petty cash on hand should be reported as an "account." If there are more accounts than space provided, add an additional sheet.

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

30. The primary purpose of the Statement of Cash Receipts and Disbursements is to provide information about the cash receipts and cash payments of Debtor during the current month and since the filing of the bankruptcy petition.

Cash Receipts

- 31. Line 1 - Rent/Leases Collected. Enter the total cash received for the period from rents and leases.
- 32. Line 2 - Cash Received from Sales. Enter the total cash received in the period from cash sales.
- 33. Line 3 - Interest Received. Enter the amount of interest income received in the period.
- 34. Line 4 - Borrowings. Enter the amount of cash received for the period from borrowings from entities other than shareholders, partners, or other insiders of the debtor.
- 35. Line 5 - Funds from Shareholders, Partners, or Other Interests. Enter the amount of cash received in the period from borrowings from shareholders, partners, or other insiders of the Debtor.

36. Line 6 - Capital Contributions. Enter the amount of capital contributions to the Debtor during the period.
37. Lines 7 - 11. Enter the amount of cash received in the period from other sources not included above. Use the blank lines to identify the type of account used to generate the cash receipts. Enter transfers of cash from restricted accounts into unrestricted accounts.
38. Line 12 - Total Cash Receipts. Add Lines 1 through 11.

Cash Disbursements

39. Line 13 - Selling. Enter the amount of cash used during the period for selling expenses, not including sales salaries or commissions.
40. Line 14 - Administrative. Enter the amount of cash used during the period for administrative expenses, e.g., office supplies, telephone, liability insurance, etc.
41. Line 15 - Capital Expenditures. Enter the amount of cash used during the period for capital expenditures, such as property, plant or equipment.
42. Line 16 - Principal Payments on Debt. Enter the amount of cash used during the period for reduction of outstanding debt. Do not include interest payments on the debt.
43. Line 17 - Interest Paid. Enter the amount of cash payments made during the period for interest expense.
44. Line 18 through 19 -Rent/Lease.
- a. Line 18 - Rent/Lease: Personal Property. Enter the amount of cash payments for all rents or leases on personal property.
 - b. Line 19 - Rent/Lease: Real Property. Enter the amount of cash payments for all rents or leases on real property.
45. Line 20 through 24 - Amount Paid to Owner(s)/Officer(s).
- a. Line 20 - Salaries. If the Debtor is an entity, enter the amount of cash payments of salaries to shareholders, partners, owners, or officers of the Debtor.
 - b. Line 21 - Draws. If the Debtor is an individual (or husband and wife), enter cash used for draws of the Debtor.
 - c. Line 22 - Commissions/Royalties. Enter the amount of cash payments of commissions or royalties to the Debtor or to shareholders, partners, owners, or officers of the Debtor.
 - d. Line 23 - Expense Reimbursements. Enter the amount of cash payments of expense

reimbursements to the Debtor or to shareholders, partners, owners, or officers of the Debtor.

- e. Line 24 - Other. Enter the amount of cash payments to the Debtor or to shareholders, partners, owners, or officers of the Debtor not listed in Lines 20 - 23.
- 46. Line 25 - Salaries/Commissions (less employee withholding). Enter the amount of cash disbursed for salaries and commissions of all persons except those reported in Lines 20 and 22, but not including employee withholding taxes.
- 47. Line 26 - Management Fees. Enter the amount of cash paid for management fees. If an owner/officer of Debtor provides the management for which the fee is being paid, the amount should be entered on Line 24.
- 48. Lines 27 through 30 - Taxes.
 - a. Line 27 - Employee Withholding. Enter the amount of cash paid to the depository bank and to state taxing authorities for employee withholding and F.I.C.A.
 - b. Line 28 - Employer Payroll Taxes. Enter the amount of cash paid to the depository bank and to state taxing authorities for the Debtor's payroll tax.
 - c. Line 29 - Real Property Taxes. Enter the amount of cash paid for real property taxes.
 - d. Line 30 - Other Taxes. Enter the amount of cash paid for other taxes.
- 49. Line 31 through 36 - Other Cash Outflows. List other categories and amounts of cash disbursements on lines 31 through 36, unless properly reportable in other sections of the Statement of Cash Receipts and Disbursements. Other cash disbursements with low balances totaling not more than 5% of total cash disbursements may be aggregated and reflected on one line as "other cash outflows".
- 50. Line 37 - Total Cash Disbursements. Enter the sum of lines 13 through 36.
- 51. Line 38 - Net Increase (Decrease) in Cash. Enter the difference between line 12 and 37. If the disbursements exceed receipts, the amount will be shown in parentheses.
- 52. Line 39 - Cash Balance, Beginning of Period. Enter the amount shown on line 40 from the previous Report (or the beginning cash for the first Report in the case).
- 53. Line 40 - Cash Balance, End of Period. Enter the total of all cash on hand at the end of the reporting period; the total includes cash which is "restricted."